

SOUTH CAROLINA DEPARTMENT OF INSURANCE



2005 INSTRUCTIONS

FRATERNAL BENEFIT SOCIETIES TAX RETURNS

READ CAREFULLY – IMPORTANT INFORMATION

Users of Computer Software Applications for tax preparation must be sure that the company code, the state of domicile, the company name, NAIC code number and Biennial License Fee appear on the form. Failure to enter all of the required information may result in an incomplete filing and subject to penalties.

Note: Only insurers and health maintenance organizations domiciled within the state of South Carolina and foreign health maintenance organizations are required to file a hard copy of their 2005 Annual Statement and hard copies of their 2006 Quarterly Statements with this Department.

1. Fraternal – **Attach a copy of Schedule T and a copy of South Carolina Business Page 24 Brown Statement.**
2. Round taxes to the nearest dollar.
3. Round premiums to the nearest dollar.
4. Tax return must be typed.
5. Tax return should be printed on **blue paper**. Photocopies or reprints in other colors will not be accepted.
6. Submit one check only per company payable to the South Carolina Department of Insurance. Sign, notarize, and provide name and telephone number/extension (**toll free where possible**) and e-mail address, if applicable, of person preparing tax return. **Please print name below signature.**

Annual tax returns are due in this Department on or before March 1, 2006. (**Date stamped by this Department not postage date.**) **Tax returns received by this Department without all required attachments and information will be rejected. Resubmitted tax returns received after the due date will be considered late.**

Compliance with South Carolina requirements is the Company's responsibility. **Failure to comply could result in an administrative fine of up to \$30,000.** Your attention is directed to S.C. Code Ann. §§ 38-2-10 (Supp. 2004) and 38-5-130 (Supp. 2004).

Schedule 01 - South Carolina Taxes and Obligations (All Insurers)

1. Enter the Biennial License Fee for total members. The Biennial License Fee for less than 200 members is \$100.00 and the Biennial License Fee for 200 or more is \$1000.00. Refer to S. C. Code Ann. § 38-38-530 (Supp. 2004). **There will be license fees collected March 1, 2006.**
2. Enter South Carolina taxes due in Schedule 01. This Schedule is a recapitulation of the other Schedules on the return.
3. The figure in Line 0199 is the amount you should remit for payment.

Schedule 02 - Computation of Retaliatory Taxes (Foreign Insurers Only)

South Carolina law requires that retaliatory taxes for foreign insurers be calculated by the use of an aggregate approach instead of an item-by-item approach. The aggregate requirements imposed by the foreign state for the privilege of doing business therein, including taxes levied under local ordinances, are compared with the aggregate requirements imposed in South Carolina for the privilege of doing business here, including taxes levied under local ordinances.

Complete Column A showing all taxes, fees, assessments and obligations due this state. Complete Column B showing all taxes, fees, assessments and obligations a South Carolina insurer would be required to pay your Domiciliary State under identical conditions. If the foreign state's aggregate total is greater than South Carolina's, the difference is collected from the foreign insurer as a retaliatory tax. If the remainder is negative, there is no retaliatory tax due.

A separate worksheet and/or home state tax return must be furnished showing rates, premium figures, and calculations. If this is not furnished, the Company may be subject to disciplinary action for failure to follow instructions.

Schedule 03 – Biennial License Fee

1. Enter Total Fraternal Organization membership in the state of South Carolina.
2. Biennial License Fee for less than 200 members is \$100.00.
3. Biennial License Fee for 200 or more members is \$1000.00

The amount of the Biennial License Fee should be entered on Schedule 01, Line 0101.

Schedule 04 - Exhibit of Premiums and Dividends (To Nearest Dollar)

1. Review this Schedule carefully to insure proper reporting of premiums. Round premiums to the nearest dollar.
2. Use whole dollars – no cents.
3. All entries must balance to the Business Page and Schedule T of the Annual Statement. Schedule T, Line 41, must agree with Line 99.99, Column A of Schedule 04 on the Fee and Tax Return.
4. Indicate negative figures by parentheses () only.
5. Be certain that the figures balance to the Total line 99.99 when added.

**** Refer any questions on premium taxes to (803) 737-6235, (803) 737-6136, or (803) 737-6082. ****
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